

Message Text

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PAGE 01 IAEA V 02545 01 OF 02 211902Z

43

ACTION IO-14

INFO OCT-01 ISO-00 IOE-00 SCI-06 ABF-01 OMB-01 TRSE-00

ACDA-19 CIAE-00 INR-10 L-03 NSAE-00 NSC-07 RSC-01

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FM USMISSION IAEA VIENN

TO SECSTATE WASHDC PRIORITY 4115

INFO AEC GERMANTOWN

LIMITED OFFICIAL USE SECTION 1 OF 2 IAEA VIENNA 2545

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E.O. 11652: N/A

TAGS: AORG, AFIN, IAEA

SUBJECT: US VOLUNTARY CONTRIBUTIONS TO IAEA FOR CY 1975

1. SUMMARY: PROSPECTIVE INCREASE IN US VOLUNTARY CASH CONTRIBUTION TO IAEA FOR 1975 WILL CORRESPONDINGLY REDUCE US CONTRIBUTIONS IN KIND UNLESS OVERALL 1974 TOTAL OF \$2 MILLION FOR ALL CONTRIBUTIONS IS INCREASED. REDUCTION IN CONTRIBUTIONS IN KIND WOULD ADVERSELY AFFECT US EXPORT OPPORTUNITIES, AND LONG-TERM POLITICAL AND COMMERCIAL BENEFIT RESULTING FROM TRAINING OF LDC SCIENTISTS AND TECHNICIANS IN US AND GIFTS OF US EQUIPMENT, AS WELL AS OUR FLEXIBILITY TO PROVIDE EFFECTIVE US PARTICIPATION AND SUPPORT IN AGENCY ACTIVITIES OF INTEREST TO BOTH US AND LDC'S, ESPECIALLY AGENCY ACTIONS IN RESPONSE TO CURRENT WORLD ENERGY SITUATION. REDUCTION WOULD ALSO CAUSE POTENTIALLY SERIOUS POLITICAL PROBLEMS WITH POSSIBLE ADVERSE EFFECTS ON AGENCY'S SAFEGUARDS AND OTHER PROGRAMS OF SPECIAL INTEREST TO USG. MISSION SUGGESTS THAT US MAKE SERIOUS EFFORT TO INCREASE TOTAL CONTRIBUTIONS FOR 1975. IF THIS CANNOT BE DONE, DEPT AND AEC MUST GIVE CAREFUL CONSIDERATION TO DISTRIBUTION OF AVAILABLE FUNDS BETWEEN CASH AND VARIOUS TYPES

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PAGE 02 IAEA V 02545 01 OF 02 211902Z

TION OF AVAILABLE FUNDS BETWEEN CASH AND VARIOUS TYPES

OF IN-KIND CONTRIBUTIONS. IN ANY EVENT, SUBSTANTIAL INCREASE IN TOTAL VOLUNTARY CONTRIBUTIONS TO IAEA WILL BE REQUIRED IN 1976 TO PRESERVE AND PROMOTE CONTINUING US ESSENTIAL INTERESTS IN AGENCY. END SUMMARY.

2. AS DEPT AWARE, TARGET FOR VOLUNTARY CASH CONTRIBUTIONS TOWARD PROVISION OF TECHNICAL ASSISTANCE BY IAEA WILL BE INCREASED FOR 1975, PROBABLY TO RANGE OF \$4.0 MILLION TO \$4.5 MILLION. IF U.S. CONTINUES TO MAKE CASH PLEDGE TOWARD TARGET AT OR ABOVE BASE RATE OF ASSESSMENT, AS IN PAST YEARS, FUNDS AVAILABLE FOR US CONTRIBUTIONS IN KIND FOR 1975 WILL BE REDUCED UNLESS OVERALL TOTAL OF U.S. CONTRIBUTIONS INCREASES, THIS REDUCTION OF FUNDS FOR GIFTS IN KIND COULD BE ON ORDER OF 200,000-300,000 (FROM \$1.05 MILLION FOR SUCH GIFTS IN 1974). SUCH LARGE REDUCTION COULD AFFECT ANY OR ALL TYPES OF GIFTS IN KIND, WITH FOLLOWING ADVERSE EFFECTS OF US INTERESTS:

A. FELLOWSHIPS FOR STUDY IN US AND TRAINING COURSES IN U.S.: CUT WOULD DIMINISH AGENCY ABILITY TO MEET CRITICAL SHORTAGE OF TRAINED MANPOWER IN LDC NUCLEAR PROGRAMS. THIS ESPECIALLY VITAL IN VIEW RAPID EXPANSION IN USE OF NUCLEAR POWER IN LDC'S MADE LIKELY BY CURRENT ENERGY SITUATION. FURTHER, THERE ARE GREAT POTENTIAL COMMERCIAL BENEFITS, IN RAPIDLY-EXPANDING WORLDWIDE MARKET FOR NUCLEAR EQUIPMENT, ARISING FROM U.S.-TRAINED SCIENTIFIC AND TECHNICAL CADRE IN LDC'S, ESPECIALLY THOSE PLANNING FIRST NUCLEAR POWER REACTOR PURCHASES.

B. GIFTS OF EQUIPMENT: SUCH GIFTS FREE LIMITED AGENCY CASH RESOURCES FOR PROVISION OF EXPERTS AND TRAINING. FURTHER, GIFT OF U.S. EQUIPMENT HAS OFTEN RESULTED IN COMMERCIAL PURCHASE (SOMETIMES BY LDC, SOMETIMES FROM AGENCY'S OWN CASH RESOURCES IN LATER YEAR) OF ADDITIONAL US ITEMS COMPATIBLE WITH GIFT EQUIPMENT; ATTENDANT SHORT AND LONG-TERM COMMERCIAL ADVANTAGES ARE CLEAR.

C. COST-FREE EXPERTS: US OF FUNDS HAS PROVEN LIMITED OFFICIAL USE

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PAGE 03 IAEA V 02545 01 OF 02 211902Z

BENEFICIAL IN INCREASING NUMBER OF US EXPERTS EMPLOYED BY IAEA, WHO OTHERWISE WOULD HAVE DEMANDED SALARIES TOO HIGH FOR AGENCY TO MEET. CURRENT IAEA POLICY THAT ADVANCED COUNTRIES GENERALLY PAY COSTS OF PARTICIPATION BY THEIR NATIONALS IN AGENCY SCIENTIFIC AND TECHNICAL MEETINGS HAS REQUIRED COST-FREE EXPERT FUNDS TO FACILITATE US PARTICIPATION IN MEETINGS ON SUBJECTS OF SPECIAL INTEREST TO LDC'S; CUT IN THIS USE

OF FUNDS WOULD POSE CONTINUING PROBLEM. FINALLY, AGENCY
(AS PREVIOUSLY REPORTED) ENVISIONS GREATLY-EXPANDED
PROGRAMS OF ASSISTANCE TO LDC'S BEGINNING NUCLEAR POWER
PROGRAMS, INCLUDING ESPECIALLY ASSISTANCE IN REACTOR
SITING, SAFETY AND RELIABILITY. AGENCY EXPECTED TO
REQUEST SUBSTANTIAL NUMBER OF U.S. PERSONNEL DURING
1975 TO ASSIST THESE ACTIVITIES AT NO RPT NO COST TO
AGENCY; DEMANDS ON COST-FREE EXPERT FUNDS FOR THIS
PURPOSE ARE LIKELY TO INCREASE, NOT DIMINISH,
DURING 1975. MISSION FEELS STRONGLY THAT FORTHCOMING
US RESPONSE IS VITAL BOTH TO DEMONSTRATE US INTEREST
IN PROBLEMS CAUSED FOR LDC'S BY ENERGY SITUATION AND TO
RETAIN STRONG US VOICE IN MATTERS WHICH WILL TOUCH
DIRECTLY ON POTENTIALLY HUGE MARKET FOR NUCLEAR EQUIPMENT
IN DEVELOPING WORLD OVER NEXT TWO DECADES; LDC'S CAN
BE EXPECTED TO FOLLOW GENERAL LEAD ESTABLISHED BY IAEA,
ESPECIALLY IN POWER REACTOR SAFETY AND RELIABILITY
MATTERS.

3. FURTHER FACTOR BEARING ON ALL TYPES OF CONTRIBUTIONS
IS POLITICAL WEIGHT CARRIED IN IAEA BY STRONG US

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PAGE 01 IAEA V 02545 02 OF 02 211846Z

43

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TO SECSTATE WASHDC PRIORITY 4116

INFO AEC GERMANTOWN

LIMITED OFFICIAL USE SECTION 2 OF 2 IAEA VIENNA 2545

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RECORD OF SUPPORT FOR AGENCY. SLACKENING OF ANY FORM

OF THIS SUPPORT(EVEN IF RPT EVEN IF OVERALL DOLLAR TOTAL APPROPRIATED FOR U.S. VOLUNTARY CONTRIBUTIONS REMAINS THE SAME), IN ADDITION TO DAMAGE TO SPECIFIC US INTERESTS NOTED ABOVE, COULD CAUSE SERIOUS PROBLEMS FOR MORE GENERAL US INTERESTS IN AGENCY VIS-A-VIS LDC'S; THIS APPLIED WITH PARTICULAR FORCE TO U.S. INTERESTS IN PROTECTION OF AGENCY SAFEGUARDS PROGRAM FROM LDC ATTACK AND PRESERVING ACCEPTABILITY OF AGENCY SAFEGUARDS TO LDC'S. FINALLY, ABSENCE OF ANY INCREASE IN U.S. CONTRIBUTIONS TO AGENCY AT TIME OF EXPANDING REQUIREMENT FOR AGENCY'S ASSISTANCE AND INCREASING EROSION OF PURCHASING POWER OF CONTRIBUTIONS BY INFLATION WOULD BE VERY BAD RECORD FOR U.S. TO TAKE INTO NPT REVIEW CONFERENCE IN GENEVA IN MARCH 1975; LDC'S CAN BE RELIED UPON TO MAKE POINT OF THIS IN CONNECTION WITH OBLIGATIONS THEY SEE FOR ADVANCED COUNTRIES UNDER ARTICLE IV OF NPT.

4. ALL OF ABOVE ARGUES MOST STRONGLY IN FAVOR OF INCREASE OF TOTAL US CONTRIBUTIONS TO IAEA FOR CY 1975 SUFFICIENT TO PERMIT NO RPT NO REDUCTIONS IN CONTRIBUTIONS IN LIMITED OFFICIAL USE

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PAGE 02 IAEA V 02545 02 OF 02 211846Z

KIND AND STILL PERMIT INCREASE IN U.S. CASH PLEDGE TO CORRESPOND WITH INCREASED 1975 TARGET (LEVEL TO BE SET BY A&B COMMITTEE IN EARLY APRIL). MISSION STRONGLY RECOMMENDS THAT EVERY EFFORT BE MADE TO SECURE SUCH INCREASE IN TOTAL APPROPRIATED FOR SUCH CONTRIBUTIONS IN FY-75.

5. IF SUCH INCREASE IS NOT POSSIBLE, MISSION SUGGESTS THAT DEPT AND AEC REVIEW DISTRIBUTION OF U.S. CONTRIBUTIONS FOR 1975 BETWEEN CASH AND VARIOUS TYPES OF IN-KIND CONTRIBUTIONS. WE NOTE (STATE 48447) THAT U.S. WILL EXPRESS INTEREST IN HOSTING TRAINING COURSES WHICH WOULD BE SUPPORTED FROM SUCH FUNDS IN 1975, BUT FEEL THAT OVER-ALL DISTRIBUTION SHOULD BE RECONSIDERED IN LIGHT OF ABOVE BEFORE ANY FURTHER DECISIONS, EXPRESSED OR IMPLIED, ARE MADE AS TO USE OF 1975 CONTRIBUTIONS FUNDS. MISSION WILL FORWARD FURTHER COMMENT ON THIS SUBJECT SEPTEL.

6. IN ANY EVENT, MISSION FEELING IS THAT DEMANDS FOR IAEA ASSISTANCE ARE LIKELY TO CONTINUE TO EXPAND AT PROGRESSIVE RATE OVER NEXT SEVERAL YEARS IN VIEW INCREASING LDC INTERESTS IN NUCLEAR POWER AS ALTERNATIVE TO HIGHER-PRICED OR UNAVAILABLE CONVENTIONAL ENERGY SOURCES. FOR THIS REASON, IRRESPECTIVE OF WHAT MAY BE POSSIBLE WITH REGARD CONTRIBUTION LEVEL FOR 1975, MISSION STRONGLY URGES THAT U.S. PLAN TO

REQUEST SUBSTANTIAL INCREASE IN FUNDS WHICH COULD BE
UTILIZED FOR US VOLUNTARY CONTRIBUTIONS TO IAEA IN
CY 1976, IN ORDER TO PRESERVE AND PROMOTE CONTINUING
ESSENTIAL US INTERESTS IN THE AGENCY AND ITS PROGRAMS,
AND IN THE WORLD MARKETPLACE FOR NUCLEAR POWER REACTORS
AND EQUIPMENT. PORTER

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